



Frank S. Simone
Government Affairs Director

Suite 1000
1120 20th Street, NW
Washington DC 20036
202-457-2321
202-263-2660 FAX
fsimone@att.com

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VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S. W. – Room TWB-204
Washington, D. C. 20554

Re: *Ex parte*, WC Docket No. 02-237, Verizon Telephone Companies Section
63.71 Application to Discontinue Expanded Interconnection Service Through
Physical Collocation

Dear Ms. Dortch:

On Thursday, December 19, 2002, Paul Zidlicky of Sidley Austin Brown & Wood and the undersigned met with Jennifer McKee, Jeffrey Dygert, Judy Nitsche, Gene Gold, James Lichford and Noel Uri of the Wireline Competition Bureau's Pricing Policy Division. The purpose of the meeting was to provide an overview of AT&T's written comments in the above-captioned proceeding. The views expressed during the meeting were consistent with AT&T's comments and reply comments filed in the proceeding. No new arguments were raised during this meeting. The attached outline was used to facilitate our discussion.

One electronic copy of this Notice is being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,

ATTACHMENT

cc: J. Dygert
G. Gold
J. Lichford
J. McKee
J. Nitsche
N. Uri

Ex Parte Submission of AT&T Corp.

**WC Docket No. 02-237,
Verizon Telephone Companies
Section 63.71 Application to Discontinue
Expanded Interconnection Service Through
Physical Collocation**

I. VERIZON'S APPLICATION IS AN IMPROPER EFFORT TO MODIFY THE RATES, TERMS AND CONDITIONS OF EXISTING FEDERALLY-TARIFFED PHYSICAL COLLOCATION SERVICES.

- Verizon Seeks Unilaterally To Modify The Rates, Terms And Conditions Upon Which It Offers Federally-Tariffed Physical Collocation Services And, In Doing So, To Circumvent The Federal Tariff Process Applicable To Dominant Carriers
- *First*, The Commission Has Highlighted The Importance Of The Federal Tariff Process To Police Anti-Competitive Conduct Of The ILECs In Connection With Physical Collocation And Has Warned That ILEC Proposals For Such Arrangements Require "Close Scrutiny," *Local Competition Order*, ¶ 569
- Just Last Year, Verizon Sought To Increase Its Charges For DC Power Under Federal Tariffs By Between 100% And 300%, But Ultimately Withdrew That Tariff Modification And Agreed To Provide Full Refunds
- *Second*, Verizon's Suggestion That Conversion From Federally-Tariffed Rates, Terms And Conditions For Supporting Services To State Tariff And Interconnection Arrangements Will Actually Benefit CLECs Is Specious And Is Contradicted By Verizon's Own Proposal
- Moreover, Any Subsequent Changes To State Tariffs And Interconnection Arrangements Would Be Outside Commission Oversight
- *Finally*, If Verizon Wants To Modify The Rates, Terms and Conditions Of Its Federally-Tariffed Physical Collocation Arrangements, It Should Do So By Amending Those Federal Tariffs And Justifying Those Changes To The Commission.

II. VERIZON'S APPLICATION SHOULD BE REJECTED BECAUSE THERE ARE NO REASONABLE SUBSTITUTE SERVICES AND THE APPLICATION WOULD NOT SERVE THE PUBLIC CONVENIENCE OR NECESSITY.

- Verizon Has Failed To Demonstrate That The Alternative Physical Collocations Arrangements It Offers Provide A Reasonable Substitute For Its Existing Federally-Tariffed Physical Collocation Arrangements
- *First*, Verizon Wholly Ignores The Significant Administrative And Transactional Costs Associated With A Coerced Conversion To Physical Collocation Under State Tariffs and Interconnections Agreements, *Local Competition Order*, ¶ 611 (elimination of collocation under federal tariffs would be “unnecessarily disruptive”); Indeed, Such Disruption Would Be Magnified Because Verizon Proposes That Conversions Occur During An Arbitrary Thirty-Day Period
- *Second*, Verizon Acknowledges That There Are Significant Differences Between Collocation Under Its Federal Tariffs And Under State Tariffs Or Interconnection Agreements, But Fails To Account Or Compensate For Those Differences Even Though The Benefits Of Physical Collocation Can Be Realized Only By Eliminating Unnecessary Costs, *Advanced Services Fourth Report & Order*, ¶ 67
- For Example, In New York, Verizon Proposes That CLECs That Convert To Collocation Under State Tariffs And Interconnections Agreements Pay Substantial Up Front Costs Under The Federal Tariff And Then Pay Significantly Increased Recurring Costs Designed To Recover Nonrecurring “Space Preparation Charges”
- Similarly, Where Verizon Chooses To Offer A Conversion Credit, It Is Wholly Inadequate Both As To Amount And As To Timing
- *Third*, If Verizon Seeks To Discontinue A Service After CLECs Have Expended Significant Resources To Reap The Benefits Of That Service, Then Verizon Must Ensure That CLECs Are Made Whole With Regard To Their Existing Investments In Federally-Tariffed Physical Collocation Arrangements
- *Finally*, Verizon Cannot Avoid Its Obligation To Provide Cross-Connects Pursuant To A Federal Tariff, *Verizon Tel. Cos. v. FCC*, 299 F.3d 903, 912 (D.C. Cir. 2002)